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STATE PASS SENATE FOR SENATOR LIEBERMAN

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TAGS: PREL MARR OVIP CH IZ RS SN

SUBJECT: U.S. NEEDS "COUNTER-STRATEGY" FOR CHINA'S
INFLUENCE IN THE REGION, MM LEE TELLS SENATOR LIEBERMAN

Classified By: Ambassador Patricia L. Herbold,
reasons 1.4 (b) and (d)

¶1. (C) Summary: Minister Mentor Lee Kuan Yew discussed regional stability in the face of China's economic, political, and military rise with Senator Joseph Lieberman, joined by the Ambassador, May 30. Lee called on the United States to develop a "counter-strategy" to respond to China's growing influence in Southeast Asia. MM Lee suggested China's military build-up is in part natural but is also designed to show the United States that China is serious about Taiwan. However, the Chinese do not want conflict and are more focused on the economy. Taiwan will grow closer to China but will want to maintain a separate military and currency. To manage China, the United States should be "respectful" and should also try to build bridges to the younger, more affluent generation. Lee indicated Russia retains ambitions to reestablish control over the Commonwealth of Independent States (CIS). He reiterated his view that a withdrawal from Iraq would "throw away all the influence" the United States has. End Summary.

The Rise of China

¶2. (C) MM Lee told Senator Lieberman, who was in Singapore to participate in the Shangri-La Dialogue, and the Ambassador that there has been a major shift in economic power from the Atlantic to the Pacific region. This raises the question of how the Pacific can remain stable as China grows economically, politically, and militarily. The Bush Administration has done "not so badly" in managing this challenge, as evidenced by strengthening U.S. relations with Japan, India, and ASEAN.

¶3. (C) Without America, there would be no balance in Asia in the face of China's eventually "overwhelming" influence, MM Lee said. Commenting on U.S. policy toward Southeast Asia, MM Lee said the Administration was distracted elsewhere and had "left (management of) ASEAN to the bureaucracy, and they've done OK. But there isn't an overall "counter-strategy" to respond to China's rising influence in the region. In contrast, China "got organized in a big way," MM Lee said. In each summit meeting, the Chinese offer aid packages, such as a concert hall for Laos or a new road for Indonesia. MM Lee agreed with the Senator's comment that 9/11 had shifted U.S. focus away from Asia in recent years, saying the events of 9/11 "released China from what would have been an intense competitive grip."

Taiwan

¶4. (C) MM Lee suggested China's military buildup delivers a strong message to the United States that China is serious about Taiwan. However, the Chinese do not want to clash with anyone--at least not for the next 15 to 20 years. The Chinese are confident that in 30 years their military will essentially match in sophistication the U.S. military; in the long term they do not see themselves as "disadvantaged in this fight." MM Lee noted that he has worked to persuade the Chinese to adopt a more conciliatory view, i.e., "let's not talk about war - that's silly stuff."

¶5. (C) MM Lee predicted Taiwan would draw close to China, but would never accept a Hong Kong-style arrangement because it will want to retain its own military and currency. He said that intense bargaining over the long-term relationship between China and Taiwan would begin in 20 to 30 years, dependin